



# CONSERVATION LAW FOUNDATION

August 25, 2008

Mary Cottrell, Secretary  
Department of Public Utilities  
One South Station, Second Floor  
Boston, MA 02110

RE: Proposals to Increase Energy Efficiency Funding for Winter 2008 Residential Energy Efficiency Programs

Dear Secretary Cottrell:

The Conservation Law Foundation ("CLF") appreciates this opportunity to file comments on the proposals submitted by energy efficiency Program Administrators regarding plans to increase funding for residential programs during the winter of 2008.

Recognizing that the increasing prices of heating oil and the recent economic decline could result in a winter heating crisis, the Department of Energy Resources ("DOER") and the Department of Public Utilities ("DPU") convened a technical conference on July 29, 2008 to consider the most cost-effective and expeditious means to prevent such a crisis. Program Administrators filed supplemental plans on August 15, 2008 proposing to increase spending by as much as \$4.3 million in the case of National Grid. Across plans, the ramp-ups represent between 24 and 40 percent more funding than initially anticipated. Proposals for funding recovery ranged from existing conservation charges, in the case of some gas utilities, to the approval of new energy efficiency reconciliation factors and tariffs.

CLF supports this expedited process to prepare for the exigencies of the winter and offers the following comments.

- To the maximum extent possible, consideration and approval of these interim plans should be limited to funding and recovery for increases in residential efficiency programs during the 2008 winter heating season. Expanding the scope of this proceeding may jeopardize the implementation of the most time-sensitive and critical programs.
- Therefore, requests to consolidate approvals for increased funding of Commercial & Industrial programs should be deferred to the proceedings on Energy Efficiency Plans for 2009.
- Requests to adopt new Energy Efficiency Tariffs and/or Energy Efficiency Reconciliation Factors are very similar to the types of mechanisms that will adopted for

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the purpose of recovering lost base revenues during the transition to decoupling and should be deferred to those proceedings.

- Allowing Program Administrators to “overspend” during this period and adjust the budget next year (the current practice for energy efficiency plans) would provide the least burdensome method for recovery. Of course, there may be some program administrators, such as Cape Light Compact, who will need to be dealt with differently. Exceptions should be very limited.
- The Program Administrators have shown a proper focus on adding funding to highly successful existing programs, such as incentives and rebates for weatherization and replacement of inefficient heating systems, to allow more customers to qualify for and take advantage of these programs.<sup>1</sup> This method should eliminate or minimize any increases in administration costs.
- Approvals should be issued as soon as possible to provide maximum benefits. New recruits to expand the existing programs must be hired, trained and deployed in a short time period.

Responsibly and successfully implemented, this program of increased funding will not only reduce human suffering this winter, it will also have long-term impacts on the ability of residential and low-income ratepayers to live more comfortably by reducing their consumption of electricity and natural gas. At the same time, it provides needed reductions in greenhouse gas emissions from the production of electricity and the use of natural gas. These proposals represent a well thought-out, good faith effort by the program administrators to reach the goals set forth in the Green Communities Act, the Global Warming Solutions Act and the recent Decoupling Order. CLF looks forward to working with the DPU, DOER, Program Administrators and other non-utility parties to ensure successful implementation of these plans.

Sincerely,

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cc: Service List (electronically)

Jamie Tosches, Office of the Attorney General (U.S. Mail)

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<sup>1</sup> See NStar Electric Company, Exhibit NStar-PC-1, Section IV; Cape Light Compact, Appendix A, 2008 EEP Update, 3-4; New England Gas Company, Direct Testimony of James J. Carey, 7-8.